SPECIAL FORCES PENSION PLAN

2000

ANNUAL REPORT

101-071997

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Italicized pension and investment terms are defined in the glossary.

COMPOUND ANNUALIZED RETURN

Ending December 31, 2000

	1 year	2 years	3 years	4 years	8 years
Total Fund	7.4%	11.9%	10.6%	11.1%	12.0%

SFPP FUND – MARKET VALUE

(millions)

PLAN PROFILE

- The Special Forces Pension Plan (SFPP) was established in 1979 as a defined benefit pension plan for police officers, police chiefs, and deputy chiefs employed by local authorities in Alberta.
- The Plan is governed by a seven-member Board that includes three employee nominees, three employer nominees, and one crown nominee.
- The Plan serves eight employers, 2,729 *active members*, 42 *deferred members*, and 1,207 *pensioners*.
- The Plan is financed by member, employer, and Government of Alberta contributions and by the investment earnings of the SFPP Fund.
- SFPP Fund investments are managed by the Investment Management Division of Alberta Treasury. The Fund has a diversified investment portfolio of *bonds*, domestic and foreign *equity*, money market securities, mortgages and real estate.
- The Plan is administered by Alberta Pensions Administration (APA) Corporation.
- The net assets available for benefits were $1.044 billion as at December 31, 2000, which includes $1.042 billion of invested funds and accounts receivable of $1.5 million.

MESSAGE FROM THE CHAIR

Ulysses Currie

Chair, Special Forces Pension Board

The Special Forces Pension Plan shared in both the momentum and challenges facing the financial world in 2000. After a relatively strong performance through the first ten months of the year, market instability closing out the final weeks of 2000 had a significant effect on Plan results. While the Special Forces Pension Board remains optimistic regarding the overall health of the Plan, the market volatility and changing demographics have provided a more realistic scenario for Plan funding and benefits.

Your Board is an extremely dedicated and focused group committed to the good of the Plan and its stakeholders. Our goal as a Board is to ensure Plan benefits provide a sound financial future for police officers employed by local authorities in Alberta. The Board and Plan shared in many successes over the past year.

The year 2000 saw a 7.4% total fund return, which is marginally less than the 7.5% average annual rate of return required to adequately fund the plan. However, our annual returns over the last four years have averaged 11.1%.

In 2000 the fund earned $73.8 million and assets increased to $1.044 billion as at December 31, 2000. The market value a year earlier was $0.976 billion. During 2000, the Alberta *Consumer Price Index* increased by 3.2%. Pension benefit payments and administration expenses exceeded contributions by $6.4 million in 2000. This trend is expected to continue to restrain asset growth in the future. Pension payments were $36.4 million in 2000, and are expected to continue to grow in the future. Investment results are very important to the Plan's financial success, contributing the largest single source of Plan income.

Overall, investment returns in 2000 were substantially lower than in recent years, driven by poor equity performance in nearly all equity markets. The Fund did not meet its long-term objective over the one-year period, but it has more than met that objective over the last eight years. During turbulent times it is important to emphasize the diversity of the Special Forces Pension Plan (SFPP) investments. This diversity, combined with a long-term approach to funding Plan benefits, drives our investment policy.

A review of the Plan's investment policies is undertaken every year, but changes to the *asset mix* are relatively infrequent given our long-term strategy. During 2000, the Board retained the services of James P. Marshall Inc., a Hewitt Company, as Investment Advisor. A complete review of the investments and investment policy of the Plan was completed resulting in changes to the Board's *Statement of Investment Policies and Goals*. This review also resulted in some anticipation of the market corrections, especially in the technology sector.

The SFPP continues to progress towards being fully funded. An actuarial valuation was conducted as of December 31, 2000 using updated assumptions as a result of recent experience. The valuation was conducted one year earlier than legislated to enable the Board to determine the exact status of the Plan.

Three primary cost factors were identified during the valuation as having a significant impact on the Plan. First, investment returns were reduced in a volatile market. Second, the cost of living adjustment (COLA) granted to pensioners was larger in 2000 than previously assumed due to a higher Consumer Price Index. Third, there was an increase in the number of members taking advantage of early retirement at 25 years.

The trend of members retiring at a younger age is especially evident in the first five years after eligibility for a pension. In recognition of this trend, the Board has used a modified retirement scale to cover the first five years after eligibility for a pension. Furthermore, to reflect the current economic environment, the Board revised the inflation and real rate of return assumptions downward by 0.25%.

"... the Board will focus on having stable contribution rates and will only recommend design changes where they are affordable on a long-term, sustainable basis."

As a result of the new assumptions, our *unfunded liability* (the difference between the market value of our assets and the amount which, earning the assumed fund rate of return, would meet all of our obligations as long as they exist) has increased from $31.3 million at December 31, 1998, to $45.1 million at December 31, 2000. This means the Plan is currently 95.7% funded. The Board has taken a conservative approach to setting the assumptions, and the expectation remains that the unfunded liability will be retired prior to the target date of 2036.

The $45.2 million unfunded liability comprises a pre-1992 unfunded liability of $52.5 million and a post-1991 surplus of $7.3 million. Our current financial status means the Board will defer granting ad hoc COLA on post-1998 service until a later date. The Board has chosen to maintain total employee and employer contributions at the current rate by paying part of their current service cost from the post-1991 surplus.

The Board has decided to conduct actuarial valuations every year for the next three years. Legislation requires a valuation every three years; however, the Board wishes to closely monitor the validity of the assumptions, and to ensure contribution rates and investment returns reflect the continued reality and funding requirements of the Plan. The Board remains optimistic about the Plan's funded status but recognizes the need to show conservatism as they manage the Plan's funds.

Once the Plan is fully funded, the Board will have greater flexibility for dealing with emerging issues. Depending on investment returns and other factors, the Board is projecting that the Plan will be in a surplus situation well ahead of the legislated schedule. In anticipation of this surplus, the Board plans to provide recommendations to the Minister of Finance regarding a surplus policy. We encourage Plan employers and members to offer their suggestions on this issue. In recommending such a policy, the Board will consider the following principles and guidelines:

- Plan improvements will be considered once the Plan is fully funded;
- the assets of the SFPP are held in trust for the sole benefit of Plan members;
- the primary purpose of the Plan is to provide a stable source of benefits for Plan members;
- the SFPP Fund must remain solvent and any policies involving the allocation of surplus assets cannot jeopardize that solvency; and
- the Board can only act within the scope of its powers under the governing legislation regarding changes in contribution rates or cost-of-living increases.

Fundamentally, the Board will focus on having stable contribution rates and will only recommend design changes where they are affordable on a long-term, sustainable basis.

At year-end there was good news for pensioners who may be interested in returning to work. The pension rules restricting re-employment of pensioners have been amended to give pensioners greater flexibility for returning to work with an employer who was part of the SFPP or the Local Authorities Pension Plan (LAPP). Previously, if a pensioner worked in the three months immediately after retirement; or worked more than 84 days in a calendar year; or became a contributing member of either the SFPP or LAPP, the SFPP pension was suspended. Effective January 1, 2001, SFPP pensioners returning to work will continue receiving the SFPP pension regardless of when the work commences or how long the work continues. Although SFPP pensioners cannot re-join the Plan as a contributor, they have regular eligibility for joining LAPP or any other pension plan if they work for employers under those plans.

MESSAGE FROM THE CHAIR

This change removes a Plan inequity Plan and puts the SFPP on an equal footing with other Canadian pension plans.

THE APEX PROJECT

The year 2000 was busy for Alberta Pensions Administration, our Plan administrator. APA has been challenged with the development and implementation of a new pension administration system. The past year was spent evaluating options, obtaining independent confirmation of those options, preparing detailed business specifications, and evaluating results from the Requests for Proposals. In early 2001, the results were compiled, and the Board, in cooperation with other pension boards, provided its support to APA for the modernization of its computerized administration system. The success of this project is crucial to ensure that APA continues to meet high standards of benefit administration and customer service to our members.

Further information on the APEX project is available under the Administration Report on page 10.

COMMUNICATIONS

During the year the Board adopted a communications strategy that includes a third quarter newsletter publication to enhance stakeholder communications. A stand-alone SFPP Web site will be addressed in 2001 to help keep stakeholders informed. At present, the SFPP Annual Report, Members' Handbook, Members' Newsletter and pensioner information are included on APA's Web site at www.apaco.ab.ca. The Board is also working to finalize a new three-year Business Plan and Mission Statement. The Business Plan will be included on the Web site after completion.

GOVERNANCE

The SFPB takes its governing role and fiduciary responsibilities very seriously. In 2000 the Board undertook a review of its governance structure to ensure an overall risk management process was in place. The Board also enhanced its understanding of their fiduciary duties inherent in relationships with third-party service providers. These providers include our investment manager, administrator, actuaries and investment consultants.

The Board has agreed to enter into service agreements with both its administration and investment management service providers. These agreements will clarify responsibilities and accountabilities for the respective parties, and ensure services are provided, and reported, in accordance with established performance *benchmarks* and costs.

The Board's governance process will be reviewed and evolve, if necessary, to meet differing needs in the future.

> *"At present, the SFPP Annual Report, Members' Handbook, Members' Newsletter and pensioner information are included on APA's Web site at www.apaco.ab.ca."*

The year 2000 was my first as Chair, and I look forward to continuing in that capacity through 2001. On behalf of the Board, I would like to thank Mr. Harvey Cenaiko who left the Board in March of 2001 after his election as a provincial MLA. The Board wishes him well in his future endeavors. The Board also welcomes Mr. Alex Girvin as a new Board member nominated by the Calgary Police Association. It is a distinct privilege to work with all the members of the Board.

Our members are also well served by organizations and individuals that assist the Board in conducting business. I wish to thank Plan members, employers, pensioners and other stakeholders for their input and advice in 2000. I also am pleased to thank the Auditor General of Alberta, the Investment Management Division of Alberta Treasury, and Alberta Pensions Administration Corporation for their assistance during the year.

Our team will continue to provide a sound financial future for SFPP members.

Ulysses Currie
Chair
Special Forces Pension Board

SPECIAL FORCES PENSION BOARD

Sitting
left to right: Randell Garvey,
Harvey Cenaiko,
David Carpenter–*Vice Chair*,
Janina Vanderpost

Standing: Ulysses Currie–*Chair*,
Al Habstritt,
Colin Catonio

The Special Forces Pension Board oversees the management of the Plan. The Board has seven members, including three employee nominees, three employer nominees, and one Crown nominee.

Provincial legislation requires the offices of Board Chair and Vice-Chair alternate every two years between employee (police association) and employer nominees.

The Board is responsible for setting policy guidelines for the investment and management of the Fund.

The Board is also responsible for:

- ensuring current service under the Plan is properly funded;
- setting post-1991 cost-of-living adjustments, contribution rates and benefits;
- making appropriate recommendations for amending or repealing and replacing Plan rules; and
- reviewing administration decisions and ensuring the Plan is effectively administered.

Employer Nominees:

Al Habstritt, City of Calgary; **Randell Garvey**, City of Edmonton; **David Carpenter** – *Vice-Chair,* City of Lethbridge

Employee Nominees:

Ulysses Currie – *Chair,* Edmonton Police Association; **Colin Catonio,** Lethbridge Police Association;

Harvey Cenaiko, Calgary Police Association

Crown Nominee:

Janina Vanderpost, Government of Alberta

INVESTMENT REPORT

With an investment return in 2000 of 7.4%, net assets of the SFPP Fund increased by $67 million to $1.04 billion. Investment income and market appreciation drove the increase in net assets.

The overall return was substantially lower than in recent years due to generally poor equity performance in nearly all markets. Canada was the only major equity market that managed a positive return for 2000. Poor equity performance in 2000 was partially offset by strong performance in fixed income markets, particularly longer term bonds and *real return bonds*. The Fund did not meet its long-term objective of 7.5% over the one-year period; however, it has more than met that objective over the last eight years.

Investment Management

Performance by the investment manager, the Investment Management Division (IMD) of Alberta Treasury, was relatively strong through the year. On a one-year basis, IMD out-performed the *policy benchmark* by 150 basis points (1.5%). On a four-year basis, IMD has under-performed the policy benchmark established in 1996 by 10 basis points.

There was modest value added in fixed income and foreign equities while the bulk of the value added was achieved through strong performance in the Canadian equity component.

A key element in the financial health of the Plan is the ability of investments to grow to fund future pension promises to Plan members. Investment policies have been developed and implemented so that assets selected are expected to grow at least as fast as the liabilities.

Compound Annualized Return

Ending December 31, 2000

Total Fund	**7.4**	**11.9**	**10.6**	**11.1**	**12.0**

Investment Objectives

To meet the needs of the Plan, it is projected that investments must earn at least 3.75% greater than inflation on a long-term basis. While there have been individual years where this objective has not been met, on a long-term basis the Fund has more than exceeded the investment objective. As a result, the funded status of the Plan has improved dramatically since this Board began setting investment policies seven years ago.

Investment Philosophy

A cornerstone of the Plan's investment philosophy is prudent fund management. Policies have been adopted that consider the liability structure of the Plan, and manage investment risk through diversification and quality constraints. The focus of the Plan is on the long term, with investment policies based on historical relationships. However, investments with the greatest growth rate often experience the greatest volatility. Therefore, a certain level of short-term volatility is accepted to maintain longer-term growth prospects.

Change in Asset Mix

For the Board, the key policy decision is the asset mix. This means choosing the allocation to various types of investments, such as fixed income (bonds) or equities (stocks). While a review of the Plan's investment policies is undertaken every year, changes to the asset mix are made relatively infrequently.

Asset Mix %

December 31, 2000

Fixed Income				
Cash & Short Term	**1.0%**	**0.0%**	**1.5%**	**0.2%**
Long Term	**36.0%**	**38.0%**	**35.5%**	**33.7%**
Total	**37.0%**	**38.0%**	**37.0%**	**33.9%**
Equities				
Canadian	**28.0%**	**38.0%**	**27.7%**	**42.5%**
United States	**15.0%**	**7.0%**	**15.3%**	**7.4%**
International	**15.0%**	**13.0%**	**15.7%**	**11.9%**
Real Estate	**5.0%**	**4.0%**	**4.3%**	**4.3%**
Total	**63.0%**	**62.0%**	**63.0%**	**66.1%**

During the last year, the asset mix policy was reviewed in light of the changes to the foreign property limits established under the federal *Income Tax Act* and funding requirements of the Plan. The Board moved to increase overall equity exposure of the Plan from 62% to 63%. This will increase the probability of meeting the growth requirements of the Plan.

As the Canadian equity market suffers from both concentration (with a small number of companies accounting for a large portion of the market's capitalization) and a heavy focus on a few industry groups, the Board increased exposure to non-Canadian equities. Investing outside of Canada increases the investment opportunity set and results in a more diversified portfolio. The Board also reaffirmed its policy on limiting the fund's exposure to a single issue. As a result, the Plan's exposure to Nortel was substantially lower than the benchmark.

Implementation of Investment Policy

Investments are made through IMD, which provides a range of investment products and services to meet the current needs of the Plan. IMD operates on a sufficient scale such that the Plan's cost of investing is very low in comparison to other investment organizations in Canada. The key to maintaining this relationship over time is investment performance and satisfaction with the service provided by IMD. All products provided by IMD, and the overall Fund performance, are measured against clearly defined market benchmarks. Performance is reviewed quarterly, with emphasis on the one-year and four-year time periods.

Annual Returns

Total Fund	**7.4**	**16.5**	**8.1**	**12.5**
Policy Return	5.9	15.1	10.4	13.5
SEI Median Return	9.8	11.3	8.0	14.9
CPI	3.2	2.5	1.0	1.6
Short-term	**5.8**	**5.0**	**5.0**	**3.7**
SCM 91-Day T-Bill	5.5	4.7	4.7	3.2
Fixed Income	**10.9**	**-1.0**	**9.2**	**9.3**
SC Bond Index	10.2	-1.1	9.2	9.6
SEI Bonds Median	10.5	-1.3	9.4	9.7
Canadian Equities	**16.9**	**28.8**	**-3.5**	**14.8**
TSE 300 Index	7.4	31.7	-1.6	15.0
SEI Canadian Equities Median	18.6	24.1	-1.8	19.3
Foreign Equities	**-9.4**	**28.6**	**25.7**	**15.1**
Foreign Equity Index (A)	-9.0	18.1	33.5	20.9
SEI Foreign Equities Median	-6.0	17.0	26.1	21.3
Real Estate	**7.2**	**7.4**	**12.7**	**20.8**
Russell Canadian Property Index	10.7	10.7	16.0	19.0

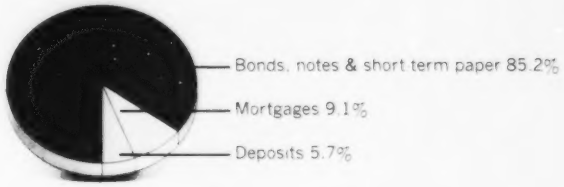
Compound Annualized Returns

Total Fund	**7.4**	**11.9**	**10.6**	**11.1**	**12.0**
Policy Return	5.9	10.4	10.4	11.2	12.7
SEI Median Return	9.8	10.6	10.1	10.9	n/a
CPI	3.2	2.9	2.3	1.9	1.7
Short-term	**5.8**	**5.4**	**5.3**	**4.9**	**5.8**
SCM 91-Day T-Bill	5.5	5.1	5.0	4.5	5.2
Fixed Income	**10.9**	**4.8**	**6.2**	**7.0**	**9.1**
SC Bond Index	10.2	4.4	6.0	6.9	9.0
SEI Bonds Median	10.5	4.4	6.1	7.0	n/a
Canadian Equities	**16.9**	**22.7**	**13.3**	**13.6**	**15.4**
TSE 300 Index	7.4	18.9	11.7	12.5	15.3
SEI Canadian Equities Median	18.6	20.9	12.6	14.2	n/a
Foreign Equities	**-9.4**	**8.0**	**13.6**	**14.0**	**14.3**
Foreign Equities Index (A)	-9.0	3.6	12.8	14.7	16.1
SEI Foreign Equities Median	-6.0	5.6	13.3	15.4	n/a
Real Estate	**7.2**	**7.3**	**9.0**	**11.9**	**5.3**
Russell Canadian Property Index	10.7	10.7	12.4	14.0	7.7

The fixed income component managed internally within IMD has allocations to bonds, mortgages, real return bonds and cash.

Summary of Fixed Income Holdings

(By security type)



Summary of Fixed Income Holdings

(Issued & guaranteed by)

INVESTMENT REPORT

With an investment return in 2000 of 7.4%, net assets of the SFPP Fund increased by $67 million to $1.04 billion. Investment income and market appreciation drove the increase in net assets.

The overall return was substantially lower than in recent years due to generally poor equity performance in nearly all markets. Canada was the only major equity market that managed a positive return for 2000. Poor equity performance in 2000 was partially offset by strong performance in fixed income markets, particularly longer term bonds and *real return bonds*. The Fund did not meet its long term objective of 7.5% over the one year period; however, it has more than met that objective over the last eight years.

Investment Management

Performance by the investment manager, the Investment Management Division (IMD) of Alberta Treasury, was relatively strong through the year. On a one year basis, IMD out performed the *policy benchmark* by 150 basis points (1.5%). On a four-year basis, IMD has under performed the policy benchmark established in 1996 by 10 basis points.

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A key element in the financial health of the Plan is the ability of investments to grow to fund future pension promises to Plan members. Investment policies have been developed and implemented so that assets selected are expected to grow at least as fast as the liabilities.

Compound Annualized Return

Ending December 31, 2000

	1 year %	2 years %	3 years %	4 years %	8 years %
Total Fund	7.4	11.9	10.6	11.1	12.0

Investment Objectives

To meet the needs of the Plan, it is projected that investments must earn at least 3.75% greater than inflation on a long-term basis. While there have been individual years where this objective has not been met, on a long term basis the Fund has more than exceeded the investment objective. As a result, the funded status of the Plan has improved dramatically since this Board began setting investment policies seven years ago.

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Asset Mix %

As at December 31, 2000

	Policy Asset Mix		Actual	
	2000	1999	2000	1999
Fixed Income				
Cash & Short Term	1.0%	0.0%	1.5%	0.2%
Long Term	36.0%	38.0%	35.5%	33.7%
Total	**37.0%**	**38.0%**	**37.0%**	**33.9%**
Equities				
Canadian	28.0%	38.0%	27.7%	42.5%
United States	15.0%	7.0%	15.3%	7.4%
International	15.0%	13.0%	15.7%	11.9%
Real Estate	5.0%	4.0%	4.3%	4.3%
Total	**63.0%**	**62.0%**	**63.0%**	**66.1%**

During the last year, the asset mix policy was reviewed in light of the changes to the foreign property limits established under the federal *Income Tax Act* and funding requirements of the Plan. The Board moved to increase overall equity exposure of the Plan from 62% to 63%. This will increase the probability of meeting the growth requirements of the Plan.

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Implementation of Investment Policy

Investments are made through IMD, which provides a range of investment products and services to meet the current needs of the Plan. IMD operates on a sufficient scale such that the Plan's cost of investing is very low in comparison to other investment organizations in Canada. The key to maintaining this relationship over time is investment performance and satisfaction with the service provided by IMD. All products provided by IMD, and the overall Fund performance, are measured against clearly defined market benchmarks. Performance is reviewed quarterly, with emphasis on the one-year and four-year time periods.

Annual Returns

	2000 %	1999 %	1998 %	1997 %
Total Fund	**7.4**	**16.5**	**8.1**	**12.5**
Policy Return	5.9	15.1	10.4	13.5
SEI Median Return	9.8	11.3	8.0	14.9
CPI	3.2	2.5	1.0	1.6
Short-term	**5.8**	**5.0**	**5.0**	**3.7**
SCM 91-Day T-Bill	5.5	4.7	4.7	3.2
Fixed Income	**10.9**	**-1.0**	**9.2**	**9.3**
SC Bond Index	10.2	-1.1	9.2	9.6
SEI Bonds Median	10.5	-1.3	9.4	9.7
Canadian Equities	**16.9**	**28.8**	**-3.5**	**14.8**
TSE 300 Index	7.4	31.7	-1.6	15.0
SEI Canadian Equities Median	18.6	24.1	-1.8	19.3
Foreign Equities	**-9.4**	**28.6**	**25.7**	**15.1**
Foreign Equity Index (A)	-9.0	18.1	33.5	20.9
SEI Foreign Equities Median	-6.0	17.0	26.1	21.3
Real Estate	**7.2**	**7.4**	**12.7**	**20.8**
Russell Canadian Property Index	10.7	10.7	16.0	19.0

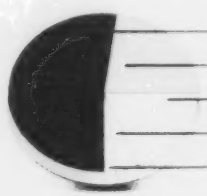
Compound Annualized Returns

	1 YR %	2 YR %	3 YR %	4 YR %	5 YR %
Total Fund	**7.4**	**11.9**	**10.6**	**11.1**	**12.0**
Policy Return	5.9	10.4	10.4	11.2	12.7
SEI Median Return	9.8	10.6	10.1	10.9	n/a
CPI	3.2	2.9	2.3	1.9	1.7
Short-term	**5.8**	**5.4**	**5.3**	**4.9**	**5.8**
SCM 91-Day T-Bill	5.5	5.1	5.0	4.5	5.2
Fixed Income	**10.9**	**4.8**	**6.2**	**7.0**	**9.1**
SC Bond Index	10.2	4.4	6.0	6.9	9.0
SEI Bonds Median	10.5	4.4	6.1	7.0	n/a
Canadian Equities	**16.9**	**22.7**	**13.3**	**13.6**	**15.4**
TSE 300 Index	7.4	18.9	11.7	12.5	15.3
SEI Canadian Equities Median	18.6	20.9	12.6	14.2	n/a
Foreign Equities	**-9.4**	**8.0**	**13.6**	**14.0**	**14.3**
Foreign Equities Index (A)	-9.0	3.6	12.8	14.7	16.1
SEI Foreign Equities Median	-6.0	5.6	13.3	15.4	n/a
Real Estate	**7.2**	**7.3**	**9.0**	**11.9**	**5.3**
Russell Canadian Property Index	10.7	10.7	12.4	14.0	7.7

The fixed income component managed internally within IMD has allocations to bonds, mortgages, real return bonds and cash.

Summary of Fixed Income Holdings

Summary of Fixed Income Holdings



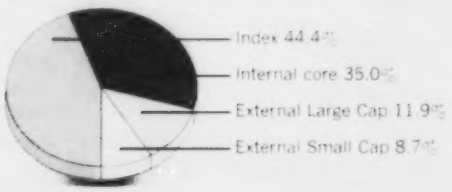
INVESTMENT REPORT

Overall, fixed income slightly out-performed its benchmark. Within the fixed income component, bonds returned 10.9%, and mortgages returned 11.7%, versus 10.2% for the benchmark of Scotia Capital Bond Universe index bonds. Cash/short term fixed income returned 5.8%, versus a benchmark of 5.5%.

Canadian Equity

The Plan invests in Canadian equities through several strategies, including indexed and active mandates. During 2000, a new index strategy based on the TSE 300 excluding Nortel was introduced to manage the Plan's overall exposure to Nortel. This strategy is managed alongside a *TSE 300 index* and core strategies managed directly (internally) by IMD. The *large cap* active strategy – which invests in companies with a large market capitalization – and the *small cap* active strategy are both managed by third party (external) investment advisors.

Management Structure in Canadian Equities



Top 10 Canadian Equity Holdings

December 31, 2000

Nortel Networks	11.2
BCE Inc.	4.3
Bombardier Inc.	3.1
Royal Bank of Canada	2.8
Toronto Dominion Bank	2.5
Manulife Financial Corp.	2.4
Sun Life Financial Services	2.0
Alcan Aluminum Ltd.	1.9
Bank of Nova Scotia	1.8
Celestica Inc.	1.7

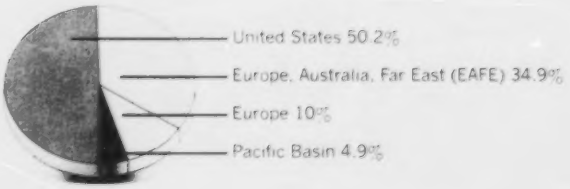
The total Canadian equity return was very good at 16.6% versus 7.4% for the TSE 300 index. The full TSE 300 index strategy is intended to replicate the return of the TSE 300 market index but in 2000 managed a modest out-performance, returning 8.0%. The internally managed core product returned 3.4%, but under-performance here was more than offset by the externally managed products. The external large cap managers returned 17.6% and the small cap managers returned 14.9% – both well ahead of the TSE 300 index and the 7.3% return generated by the Nesbitt Burns small cap index.

Foreign Equity

The foreign equity allocation was divided by policy into equal allocations to the U.S. and non-North American equity markets. Within the non-North American segment, mandates are divided into either regional (e.g. Europe) where the manager invests solely within the region, or multi-regional (e.g. Europe, Australia and Far East) where the manager may invest across different regions.

Summary of Foreign Equity Holdings

(Issued & guaranteed by)



U.S. Equities

The Plan's investments in the U.S. are allocated roughly half to indexed strategies and half to *active strategies*. A significant portion has been invested in the internally managed derivative product to manage the Fund's exposure to foreign equity relative to *Income Tax Act* limits. These limits were increased in 2000 and again on January 1, 2001. The derivative structures were retained as the policy allocation to foreign equity increased.

After an exceptional five years, the S&P 500 in Canadian dollar terms returned -5.8%. The Fund performed slightly better, with a return of -4.7%. The derivative product returned -5.7% while the replicated passive product had a return of -5.8% and the active management component returned -3.9%.

Top 10 US Equity Holdings

December 31, 2000

General Electric Co.	3.3
Citigroup Inc.	2.4
Pfizer Inc.	2.3
Exxon Mobil Corp.	2.2
Microsoft Inc.	2.1
Cisco Systems Inc.	1.7
American International Group Inc.	1.7
Merck & Company Inc.	1.6
Bristol Myers Squibb Company	1.4
SBC Communications Inc.	1.4

Non-North American Equities

The non-North American equity component includes an allocation to both developed and *emerging markets*. Roughly one-third is allocated to index-based strategies, with a portion of that allocation in a derivative product to manage the Fund's exposure to foreign equity relative to federal *Income Tax Act* limits. The remaining two-thirds (including all of the emerging market allocation) are allocated to third party (external) active managers.

Top 10 International Equity Holdings

December 31, 2000

Vodafone Group	2.4
Nokia Corporation	1.7
Glaxosmithkline	1.7
Nestle	1.6
Total Fina Elf	1.5
HSBC Holdings	1.4
Novartis	1.4
BP Amoco	1.3
Alcatel	1.3
Roche Holdings Ltd.	1.2

Non-North American markets also had a difficult time after a strong couple of years, returning -11.2% in 2000 while emerging markets had a -28% return. The non-North American equity component had a -13.4% return. The under-performance was attributable to the Fund's exposure to emerging markets and to active managers. As a group, active managers under-performed, particularly in the Pacific Basin region which gave up some of the extraordinary gains made in 1999.

The real estate component provides diversification relative to the equity and fixed income markets. The Plan's investments are primarily in a mix of retail, office and industrial properties in major Canadian urban areas. The focus is on quality, featuring strong locations and tenants.

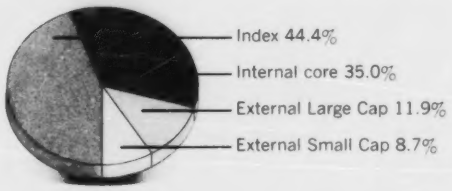
The performance of the real estate component is measured against the *Russell Canadian Property Index*. The Russell index is based on net operating income and omits major expenses such as capital expenditures, tenant improvements, etc. In contrast, SFPP Fund returns are calculated after all expenses have been deducted. The SFPP Fund's real estate component returned 7.2% for the year on that basis. If calculated in the same manner as the Russell index, the Fund's return would be 12.2% compared to 11.8% for the Russell Index.

Overall, fixed income slightly out-performed its benchmark. Within the fixed income component, bonds returned 10.9%, and mortgages returned 11.7%, versus 10.2% for the benchmark of Scotia Capital Bond Universe index bonds. Cash/short term fixed income returned 5.8%, versus a benchmark of 5.5%.

Canadian Equity

The Plan invests in Canadian equities through several strategies, including indexed and active mandates. During 2000, a new index strategy based on the TSE 300 excluding Nortel was introduced to manage the Plan's overall exposure to Nortel. This strategy is managed alongside a *TSE 300 index* and core strategies managed directly (internally) by IMD. The *large cap* active strategy – which invests in companies with a large market capitalization – and the *small cap* active strategy are both managed by third party (external) investment advisors.

Management Structure in Canadian Equities



Top 10 Canadian Equity Holdings

December 31, 2000

Nortel Networks	11.2
BCE Inc.	4.3
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Royal Bank of Canada	2.8
Toronto Dominion Bank	2.5
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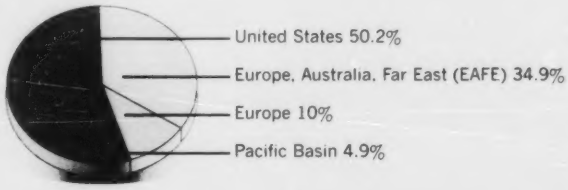

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ADMINISTRATION REPORT

Alberta Pensions Administration Corporation (APA) provides administration for the Special Forces Pension Plan (SFPP) by collecting contributions and keeping accurate and secure records, as well as paying benefits to pensioners and members who are leaving SFPP. APA also provides Plan information to members and employers while supporting the activities of the Board.

APA is one of the largest public sector pension plan administrators in Canada. The corporation is responsible for administering seven statutory pension plans under the direction of four pension boards and the Government of Alberta, as well as two supplementary retirement plans and one trusteed plan (as of January 1, 2001). APA's services are used by a total of 466 employers and approximately 130,000 active members, over 50,000 pensioners and 23,300 deferred members.

During 2000, APA made significant progress towards a new administration system as well as undertaking initiatives to improve the quality and security of current service to customers.

In February, 2001, the Alberta Pensions Excellence (APEX) project for a new pension administration system got back on track after a year of re-evaluating options for a new system, updating business specifications for a Request for Proposal (RFP), and evaluating RFP bids.

The project team's evaluation of options in the second quarter of 2000 was independently confirmed through a global market scan by KPMG. Detailed business specifications were prepared for the RFP issued in October. In early 2001 the bids were evaluated and scored by the project team in consultation with representatives of the pension boards. Also, references of bidders' proposed project team managers and pension software were checked by William M. Mercer Ltd.

From among the bidders, the consortium of IBM Canada Ltd. and CPAS Systems Inc. was chosen as the Integration Company and pension software provider to take the project to completion. The project is expected to last up to 36 months and involve active participation by these companies and APA staff as well as pension boards and employers.

To mitigate risk associated with operating APA's current system, a new IBM AS/400 server was purchased and installed in June without any disruption of service to customers. The new server – which brings efficiencies and is fully supported by the supplier – will help ensure customers' system requirements are met before completion of the APEX project.

Repatriation of pensioner payment applications and data from the KPMG mainframe in Ontario to Alberta Innovation and Science was successfully completed by mid-year without end-users noticing the transfer. This has reduced costs and mitigated risks associated with the service.

During the year, specifications were drafted for a termination options package to be provided in 2001. The new package will generate detailed estimates of the value of options available to members upon leaving the Plan before retirement. Members will be able to make a more informed choice from among the options.

Performance Measurements

APA's performance declined in the last quarter of 1999 and the first quarter of 2000. This was largely a result of a backlog that developed when the optional service costing system was unavailable due to programming changes required for new actuarial assumptions and methodology. Measures taken in the second quarter to restore service levels included:

- separating APEX requirements from operational requirements, and replacing staff seconded to the APEX project at a ratio of 1.5:1 (in recognition of lost productivity with less experienced staff);
- reorganizing the Pension Benefits unit into specialty units to minimize training and maximize production;
- additional recruitment to fill vacant supervisory positions; and
- providing new training materials for staff.

Performance measures improved in the second and subsequent quarters. For the year, the areas of most significant improvement were the timeliness of optional service costings and delivery of Member Annual Statements.

Members received their annual statements much earlier than in the previous year, when difficulties associated with the processing system disrupted distribution. By March 31, 2000, about 75% of the statements were distributed. By the end of the second quarter, virtually all Member Annual Statements were issued.

Service Envelope

In the fourth quarter APA presented a Service Envelope proposal to the SFP Board and other pension boards recommending two tiers of service. Tier One services would be included in the per member cost and Tier Two services would be charged on a user pay basis. This is being put forward in the interest of fairness among plans, and to enable APA to more effectively plan for providing both regular and supplementary services.

Surveys

Results of the annual Quantitative Service Measurement (QSM) survey of Canadian public sector pension administrators showed APA continues to be one of the most cost-effective pension plan administrators of similar size. Service standards also compare favorably with other QSM participants.

The 2000 employer survey conducted by APA in early 2001 received responses from 162 employers (35% of the total served). The overall level of satisfaction in all the plans was 33% very satisfied and 57% satisfied, compared to 24% very satisfied and 58% satisfied in the 1999 survey.

Following are the overall averages of 2000 employer survey responses regarding ratings of pension services, service delivery and communications.

Employer Survey Results

Pension Services	**33%**	**57%**	**90%**
Delivery	**38%**	**52%**	**90%**
Communications	**29%**	**67%**	**96%**

Communications

In the fall, the first issue of the SFPP Members Newsletter was produced and distributed to Plan members through their employers. The newsletter, approved as part of the SFPP Communications Plan, provides members with information half-way through the 12-month period after they receive the annual highlights publication in late spring.

In 2001, the Board will examine options for establishing its own Web site. At present, the SFPP annual report, members' handbook, members' newsletter and pensioner information are included on APA's Web site at www.apaco.ab.ca.

During the year, APA provided three employee seminars for SFPP members.

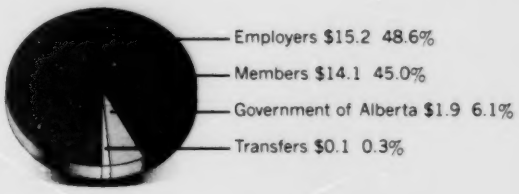
Organizational Transformation

During 2000 APA upgraded staff training, commenced a comprehensive job evaluation project, and expanded the Recognition Awards program. Employees had an average of 42 hours of training during the year, considerably more than in previous years. As well, the performance management program called "Targeting Achievement" was adapted to clearly link individual and business unit goals with corporate goals.

Statistics

Pension Contributions

Contributions made to SFPP in 2000 totaled $31.3 million. This included $14.1 million from active members, $15.2 million from employers, $1.9 million from the Government of Alberta and $0.1 million in transfers of funds from other plans. Total contributions in 1999 were $30.6 million.



ADMINISTRATION REPORT

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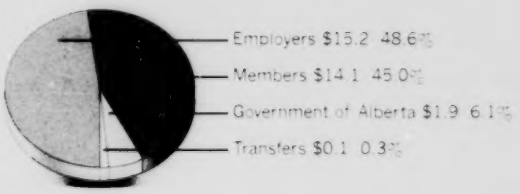
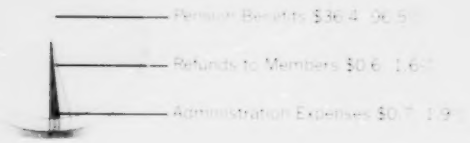


ADMINISTRATION REPORT

Pension Payments

Payments from the Plan totalled $37.7 million, including $36.4 million in pension benefits, $0.6 million in refunds to members, and $0.7 million in administration expenses. In 1999, total payments from the Plan were $35.2 million.



Expenses

In 2000, SFPP's expenses included general administration costs, investment costs and actuarial fees totalling $166 per member, compared to $165 per member in 1999. Of this amount, APA costs were $69 per member, compared to $86 in the previous year. The reduced expenses reflect lower contributions to the APEX project.

Statistical Information

The following tables provide statistical information on Plan participation and retirement levels for 2000. Statistics from 1999 are shown for comparison.

New Pensioner Retirement Choices

as at December 31, 2000

	2000	1999
Single Life	1	1
Joint Life	3	0
Guaranteed Term	61	61
Total	65	62

Participation

	2000	1999
Active Members	2,729	2,708
Deferred Members	42	49
Pensioners	1,207	1,143
Total	3,978	3,900

New Pensioners

	2000	1999
Retirements	65	61
Death Benefits to Spouses	0	1
Total	65	62

Monthly Payment Distribution

as at December 31, 2000

Dollar Value ($) per month	Member Pensions	Spouse's Pensions	Total
1 to 999	27	0	27
1,000 to 1,999	224	16	240
2,000 to 2,999	672	6	678
3,000 to 3,999	199	0	199
4,000 and over	63	0	63
Total	1,185	22	1,207

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George Buse

Chief Operating Officer

Alberta Pensions Administration Corporation

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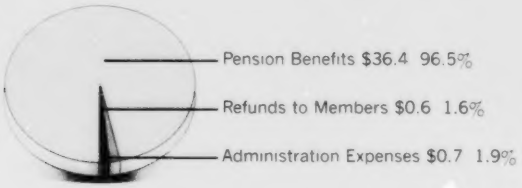

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FINANCIAL STATEMENTS

SPECIAL FORCES PENSION BOARD

December 31, 2000

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and information in the 2000 Annual Report are the responsibility of the Provincial Treasurer and Alberta Pensions Administration (APA) Corporation and have been approved by management and the Board.

The financial statements have been prepared in conformity with Canadian generally accepted accounting principles and, of necessity, include some amounts that are based on estimates and judgements. Financial information presented in the 2000 Annual Report that relates to the operations and financial position of the Special Forces Pension Plan (SFPP) is consistent with that in the financial statements.

To discharge their responsibility for the integrity and objectivity of financial reporting, both the Provincial Treasurer, acting in the capacity of investment manager, and APA, acting in the capacity of pension administrator, maintain a system of internal accounting controls comprising written policies, standards, and procedures, and a formal authorization structure.

These systems are designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Auditor General of Alberta, the Plan's external auditor, provides an independent audit of operations, investments, and financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures that allow him to report on the fairness of the financial statements prepared by management.

Ulysses Currie
Chair
Special Forces Pension Board

Peter Kruselnicki, P.Eng
Deputy Provincial Treasurer

George Buse
Chief Operating Officer
Alberta Pensions Administration Corporation

AUDITOR'S REPORT

To the Special Forces Pension Board

I have audited the statement of net assets available for benefits and accrued benefits of the Special Forces Pension Plan as at December 31, 2000, and the statements of changes in net assets available for benefits, changes in accrued benefits and changes in deficiency for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine

Edmonton, Alberta
May 8, 2001

FCA
Auditor General

As at December 31, 2000

($ thousands)

	2000	1999
Net Assets Available for Benefits		
Assets		
Investments (Note 3)	$ 1,042,371	$ 975,205
Accounts receivable (Note 6)	1,512	1,304
	1,043,883	976,509
Liabilities		
Accounts payable (Note 7)	65	66
Net assets available for benefit	1,043,818	976,443
Asset fluctuation reserve	47,200	61,700
Actuarial value of net assets available for benefits	$ 996,618	$ 914,743
Accrued Benefits		
Actuarial value of accrued benefits (Note 8)		
Plan Fund	1,037,000	891,646
Indexing Fund	4,763	2,245
	$ 1,041,763	$ 893,891
Excess (Deficiency) of actuarial value of net assets over actuarial value of accrued benefits (Note 8)		
Plan Fund*	$ (45,145)	$ 20,852
Indexing Fund	–	–
	$ (45,145)	**$ (20,852)**

* The excess (deficiency) of Plan Fund net assets over actuarial value of accrued benefits is comprised of a pre-1992 deficiency of $52,500,000 (1999: $11,502,000) and a post-1991 surplus of $7,355,000 (1999: $32,354,000).

See accompanying notes and schedules.

For the year ended December 31, 2000

($ thousands)

	Plan Fund	Indexing Fund	2000	1999
Increase in assets				
Investment income (Note 9)	$ 73,620	$ 188	$ 73,808	$ 139,037
Contributions (Note 10)	28,980	2,330	31,310	30,593
Total increase in assets	102,600	2,518	105,118	169,630
Decrease in assets				
Pension benefits	36,427	–	36,427	34,204
Refunds to members	658	–	658	380
Administration expenses (Note 11)	658	–	658	630
Total decrease in assets	37,743	–	37,743	35,214
Increase in net assets for the year	64,857	2,518	67,375	134,416
Net assets available for benefits at beginning of year	974,198	2,245	976,443	842,027
Net assets available for benefits at end of year	**$ 1,039,055**	**$ 4,763**	**$ 1,043,818**	**$ 976,443**

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As at December 31, 2000

($ thousands)

	2000	1999
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Indexing Fund	–	–
	$ (45,145)	**$ (20,852)**

* The excess (deficiency) of Plan Fund net assets over actuarial value of accrued benefits is comprised of a pre-1992 deficiency of $52,500,000 (1999: $11,502,000) and a post-1991 surplus of $7,355,000 (1999: $32,354,000).

See accompanying notes and schedules.

For the year ended December 31, 2000

($ thousands)

	Plan Fund	Indexing Fund	2000	1999
Increase in assets				
Investment income (Note 9)	$ 73,620	$ 188	$ 73,808	$ 139,037
Contributions (Note 10)	28,980	2,330	31,310	30,593
Total increase in assets	102,600	2,518	105,118	169,630
Decrease in assets				
Pension benefits	36,427	–	36,427	34,204
Refunds to members	658	–	658	380
Administration expenses (Note 11)	658	–	658	630
Total decrease in assets	37,743	–	37,743	35,214
Increase in net assets for the year	64,857	2,518	67,375	134,416
Net assets available for benefits at beginning of year	974,198	2,245	976,443	842,027
Net assets available for benefits at end of year	**$ 1,039,055**	**$ 4,763**	**$ 1,043,818**	**$ 976,443**

See accompanying notes and schedules.

For the year ended December 31, 2000

($ thousands)

	2000			
	Pre–1992	**Post–1991**	**Total**	**1999**
Increase in accrued benefits				
Interest accrued on benefits	$ 49,300	$ 17,700	$ 67,000	$ 66,900
Benefits earned	–	24,600	24,600	24,600
Changes in actuarial assumptions* (Note 8)	53,400	35,200	88,600	–
Experience gains (losses)*	6,700	(3,046)	3,654	–
Cost-of-living indexing adjustments and interest*	–	2,518	2,518	–
	109,400	76,972	186,372	91,500
Decrease in accrued benefits				
Benefits, transfers and interest	34,400	4,100	38,500	35,900
Net increase in accrued benefits	75,000	72,872	147,872	55,600
Accrued benefits at beginning of year	655,600	238,291	893,891	838,291
Accrued benefits at end of year (Note 8)	**$ 730,600**	**$ 311,163**	**$1,041,763**	**$ 893,891**

* An actuarial valuation was carried out at December 31, 2000 and the 1998 valuation was extrapolated to December 31, 1999.

See accompanying notes and schedules.

For the year ended December 31, 2000

($ thousands)

	2000			
	Pre–1992	**Post–1991**	**Total**	**1999**
Surplus (Deficiency) at beginning of year	$ (11,502)	$ 32,354	$ 20,852	$ (31,264)
Net increase in net assets available for benefits	22,202	45,173	67,375	134,416
Net decrease (increase) in asset fluctuation reserve	11,800	2,700	14,500	(26,700)
Net increase in accrued benefits	(75,000)	(72,872)	(147,872)	(55,600)
Surplus (Deficiency) at end of year	**$ (52,500)**	**$ 7,355**	**$ (45,145)**	**$ 20,852**

See accompanying notes and schedules.

STATEMENT OF CHANGES IN ACCRUED BENEFITS

For the year ended December 31, 2000

($ thousands)

	2000			1999
	Pre–1992	**Post–1991**	**Total**	
Increase in accrued benefits				
Interest accrued on benefits	$ 49,300	$ 17,700	$ 67,000	$ 66,900
Benefits earned	–	24,600	24,600	24,600
Changes in actuarial assumptions* (Note 8)	53,400	35,200	88,600	–
Experience gains (losses)*	6,700	(3,046)	3,654	–
Cost-of-living indexing adjustments and interest*	–	2,518	2,518	–
	109,400	76,972	186,372	91,500
Decrease in accrued benefits				
Benefits, transfers and interest	34,400	4,100	38,500	35,900
Net increase in accrued benefits	75,000	72,872	147,872	55,600
Accrued benefits at beginning of year	655,600	238,291	893,891	838,291
Accrued benefits at end of year (Note 8)	**$ 730,600**	**$ 311,163**	**$1,041,763**	**$ 893,891**

* An actuarial valuation was carried out at December 31, 2000 and the 1998 valuation was extrapolated to December 31, 1999.

See accompanying notes and schedules.

For the year ended December 31, 2000

($ thousands)

	2000			
	Pre–1992	**Post–1991**	**Total**	**1999**
Surplus (Deficiency) at beginning of year	$ (11,502)	$ 32,354	$ 20,852	$ (31,264)
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Net decrease (increase) in asset fluctuation reserve	11,800	2,700	14,500	(26,700)
Net increase in accrued benefits	(75,000)	(72,872)	(147,872)	(55,600)
Surplus (Deficiency) at end of year	**$ (52,500)**	**$ 7,355**	**$ (45,145)**	**$ 20,852**

See accompanying notes and schedules.

Summary Description of the Plan

The following description of the Special Forces Pension Plan is a summary only. For a complete description of the Plan, reference should be made to the *Public Sector Pension Plans Act*, Chapter P-30.7, Statutes of Alberta 1993 and Alberta Regulation 369/93, as amended.

(a) General

The Special Forces Pension Plan is a contributory defined benefit pension plan for police officers employed by participating local authorities in Alberta.

(b) Funding

Plan Fund

Current service costs are funded by employers and employees at rates which are expected to provide for all benefits payable under the Plan. The rates in effect at December 31, 2000, are 8.30% (1999: 8.30%) of pensionable salary for employers and 7.20% (1999: 7.20%) for employees. Rates are to be reviewed at least once every three years by the Special Forces Pension Board based on recommendations of the Plan's actuary.

The unfunded liability for service prior to December 31, 1991 as determined by actuarial valuation is being financed by additional contributions from the Province of Alberta, employers and employees. Additional contributions are payable until December 31, 2036 unless the unfunded liability has been previously eliminated. The rates in effect at December 31, 2000 are 1.25% (1999: 1.25%) of pensionable salary for the Province of Alberta, and 0.75% each (1999: 0.75% each) for employers and employees.

Indexing Fund

Benefit payments are funded by post-1991 cost-of-living adjustment (COLA) (see Note 1(i)) contributions from employers and employees at rates that are expected to meet or exceed the funding or solvency requirements of the Plan. The rates in effect at December 31, 2000 are 0.75% (1999: 0.75%) of pensionable salary each for employers and employees. Rates are to be reviewed at least once every three years by the Board based on recommendations of the Plan's actuary.

Subject to the *Employment Pension Plans Act*, the indexing fund may receive surpluses of the Plan Fund respecting service after 1991.

(c) Retirement Benefits

The Plan provides for a pension of 2.0% for each year of pensionable service based on the average salary of the five highest consecutive years. The maximum service allowable under the Plan is 35 years. Members are entitled to a pension if they have at least 25 years of service or have at least five years of service and attained age 55. Pensions will be reduced at the age of 65.

(d) Disability Benefits

Pensions are payable to members who become totally disabled and retire early with at least five years of service. Reduced pensions are payable to members who become partially disabled and retire early with at least five years of service.

(e) Death Benefits

Death benefits are payable on the death of a member if the member had at least five years of service. Benefits may take the form of a survivor pension, if the beneficiary is a spouse or a dependent minor child, or a lump sum payment. A surviving spouse or the beneficiary of a deceased member with less than five years of service is entitled to receive death benefits in the form of a lump sum payment.

(f) Termination Benefits

Members who terminate with at least five years of service and who are not immediately entitled to a pension may receive a refund of contributions and interest on service prior to 1992 and the commuted value for service after 1991, subject to lock-in provisions. Alternatively, they may elect to receive a deferred pension. Members who terminate with less than five years of service receive a refund of contributions and interest.

(g) Guarantee

Payment of all benefits arising from service before 1994, excluding post-1991 COLA benefits on 1992 and 1993 service (see Note 1 (i)), is guaranteed by the Province of Alberta.

(h) Prior Service and Transfers

All prior service purchases are to be cost-neutral to the Plan.

Reciprocal agreements provide that transferred-in service be on an actuarial reserve basis and transfers-out receive the greater of the termination benefits or commuted value for all service.

Note 1 Summary Description of the Plan (continued)

(i) Cost-of-Living Adjustments (COLA)

Pensions payable by the Plan Fund are increased each year by 60 percent of the increase in the Alberta Consumer Price Index for service before 1992. Cost-of-living adjustments for service after 1991 are payable by the indexing fund at rates determined by the Special Forces Pension Board.

(j) Income Taxes

The Plan is a registered pension plan as defined in the *Income Tax Act* and is not subject to income taxes. The Plan's registration number is 0584375.

Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financiai statements are prepared on the going concern basis in accordance with Canadian generally accepted accounting principles. The statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist members and others in reviewing the activities of the Plan for the year.

Plan investments are held in pooled investment funds administered by Alberta Treasury. Pooled investment funds have a market-based unit value that is used to allocate income to pool participants and to value purchases and sales of pool units.

The Plan's respective percentage ownership in pooled investment funds at December 31, 2000 was as follows:

Canadian Dollar Public Bond Pool	3.8	3.6
Canadian Equity Index (excluding Nortel) Pooled Fund	32.0	–
Canadian Pooled Equities Fund	3.9	6.1
Domestic *Passive Equity* Pooled Fund	1.5	7.0
External Managers Fund	3.4	3.4
EAFE Structured Equity Pooled Fund	3.7	2.5
Floating Rate Note Pool	0.1	0.1
Private Equity Pool	6.4	6.4
Private Mortgage Pool	3.7	3.8
Private Real Estate Pool	3.4	3.4
US Passive Equity Pooled Fund	6.8	3.6
United States Pooled Equities Fund	4.5	4.5
US Structured Equity Pooled Fund	–	2.4

(b) Valuation of Assets and Liabilities

Investments are stated at fair value. The methods used to determine the fair value of investments held either by the Plan or by pooled investment funds are explained in the following paragraphs.

Short-term securities, public fixed income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Private fixed income securities and mortgages are valued based on the net present value of future cash flows. These cash flows are discounted using Government of Canada bond rates adjusted for a risk premium estimated by Alberta Treasury.

The fair value of private equities is estimated by Alberta Treasury.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers.

The fair values of deposits, receivables, accrued investment income and payables are estimated to approximate their book values.

(c) Actuarial Value of Net Assets Available for Benefits

To moderate the effects of market volatility on investment value, annual net realized and unrealized gains and losses excluding those arising from derivative transactions are amortized equally over three years commencing at the beginning of the current year.

(d) Income Recognition

Dividends are accrued on the ex-dividend date. Income from other investments is accrued as earned. Gains or losses on investments are recognized concurrently with changes in fair value.

(e) Foreign Exchange

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. At year-end, the fair value of investments and any other assets

Note 1 Summary Description of the Plan (continued)

(i) Cost-of-Living Adjustments (COLA)

Pensions payable by the Plan Fund are increased each year by 60 percent of the increase in the Alberta Consumer Price Index for service before 1992. Cost-of-living adjustments for service after 1991 are payable by the indexing fund at rates determined by the Special Forces Pension Board.

(j) Income Taxes

The Plan is a registered pension plan as defined in the *Income Tax Act* and is not subject to income taxes. The Plan's registration number is 0584375.

Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financial statements are prepared on the going concern basis in accordance with Canadian generally accepted accounting principles. The statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist members and others in reviewing the activities of the Plan for the year.

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Floating Rate Note Pool	0.1	0.1
Private Equity Pool	6.4	6.4
Private Mortgage Pool	3.7	3.8
Private Real Estate Pool	3.4	3.4
US Passive Equity Pooled Fund	6.8	3.6
United States Pooled Equities Fund	4.5	4.5
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(b) Valuation of Assets and Liabilities

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The fair values of deposits, receivables, accrued investment income and payables are estimated to approximate their book values.

(c) Actuarial Value of Net Assets Available for Benefits

To moderate the effects of market volatility on investment value, annual net realized and unrealized gains and losses excluding those arising from derivative transactions are amortized equally over three years commencing at the beginning of the current year.

(d) Income Recognition

Dividends are accrued on the ex-dividend date. Income from other investments is accrued as earned. Gains or losses on investments are recognized concurrently with changes in fair value.

(e) Foreign Exchange

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. At year-end, the fair value of investments and any other assets

Note 2 Summary of Significant Accounting Policies and Reporting Practices (e) (continued)

and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Exchange differences are included in the determination of investment income.

(f) Valuation of Derivative Contracts

Derivative contracts (see Note 5) include equity and bond index *swaps*, interest rate swaps, forward foreign exchange contracts, equity index futures contracts and cross-currency interest rate swaps. The value of derivative contracts is included in the fair value of pooled investment funds. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods.

Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest.

Interest rate swaps are valued based on discounted cash flows using current market yields.

Forward foreign exchange contracts and equity index futures contracts are based on quoted market prices.

The value of cross-currency interest rate swaps is included with the value of the underlying security. Cross-currency fixed to fixed interest rate swaps are valued at quoted prices based on discounted cash flows using current market yields. Cross-currency fixed to floating interest rate swaps are valued at the principal amount plus accrued interest.

Income and expense from derivative contracts are accrued as earned and included in investment income. Gains and losses on forward foreign exchange contracts are recognized concurrently with changes in fair value.

Investments (Schedules A to D)

	2000		1999	
	($ thousands)	%	($ thousands)	%
Deposit in the Consolidated Cash Investment Trust Fund (a)	$ 15,985	1.5	$ 2,393	0.2
Fixed Income Securities				
Canadian Dollar Public Bond Pool (Schedule A)	331,840	31.8	286,628	29.4
Private Mortgage Pool (b)	36,166	3.5	38,306	3.9
Floating Rate Note Pool (c)	2,294	0.2	3,519	0.4
Total deposits and fixed income securities	386,285	37.0	330,846	33.9
Canadian Equities				
Canadian Equity Index (excluding Nortel) Pooled Fund (Schedule B)	94,724	9.1	–	–
Canadian Pooled Equities Fund (Schedule C)	95,878	9.2	160,437	16.5
Domestic Passive Equity Pooled Fund (d)	33,290	3.2	177,300	18.2
External Managers Fund (Canadian) (Schedule D)	59,522	5.7	70,749	7.3
Private Equity Pool (e)	5,097	0.5	4,931	0.5
Foreign Equities				
External Managers Fund (International) (Schedule D)	146,048	14.0	91,812	9.4
External Managers Fund (United States) (Schedule D)	90,681	8.7	38,754	4.0
EAFE Structured Equity Pooled Fund (f)	17,104	1.7	24,804	2.5
US Passive Equity Pooled Fund (g)	69,041	6.6	25,503	2.6
United States Pooled Equities Fund	166	–	293	–
US Structured Equity Pooled Fund	–	–	7,575	0.8
Equities in Real Estate				
Private Real Estate Pool (h)	44,535	4.3	42,201	4.3
Total equities	656,086	63.0	644,359	66.1
Total investments	$ 1,042,371	100.0	$ 975,205	100.0

Note 2 Summary of Significant Accounting Policies and Reporting Practices (e) (continued)

and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Exchange differences are included in the determination of investment income.

(f) Valuation of Derivative Contracts

Derivative contracts (see Note 5) include equity and bond index *swaps*, interest rate swaps, forward foreign exchange contracts, equity index futures contracts and cross-currency interest rate swaps. The value of derivative contracts is included in the fair value of pooled investment funds. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods.

Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest.

Interest rate swaps are valued based on discounted cash flows using current market yields.

Forward foreign exchange contracts and equity index futures contracts are based on quoted market prices.

The value of cross-currency interest rate swaps is included with the value of the underlying security. Cross-currency fixed to fixed interest rate swaps are valued at quoted prices based on discounted cash flows using current market yields. Cross-currency fixed to floating interest rate swaps are valued at the principal amount plus accrued interest.

Income and expense from derivative contracts are accrued as earned and included in investment income. Gains and losses on forward foreign exchange contracts are recognized concurrently with changes in fair value.

Investments (Schedules A to D)

	2000		1999	
	($ thousands)	%	($ thousands)	%
Deposit in the Consolidated Cash Investment Trust Fund (a)	$ 15,985	1.5	$ 2,393	0.2
Fixed Income Securities				
Canadian Dollar Public Bond Pool (Schedule A)	331,840	31.8	286,628	29.4
Private Mortgage Pool (b)	36,166	3.5	38,306	3.9
Floating Rate Note Pool (c)	2,294	0.2	3,519	0.4
Total deposits and fixed income securities	386,285	37.0	330,846	33.9
Canadian Equities				
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Equities in Real Estate				
Private Real Estate Pool (h)	44,535	4.3	42,201	4.3
Total equities	656,086	63.0	644,359	66.1
Total investments	$ 1,042,371	100.0	$ 975,205	100.0

Note 3 Investments (Schedules A to D) (continued)

(a) The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio comprises high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

(b) The Private Mortgage Pool is managed with the objective of providing investment returns higher than the Scotia Capital Universe Bond Index over the long term. The portfolio is comprised primarily of high-quality commercial mortgage loans and provincial bond residuals. In order to reduce risk, the pool only invests in loans insured by a federal agency and first-mortgage loans that provide diversification by property usage. As at December 31, 2000, mortgages held by the pool have an average effective market yield of 7.27% per annum (1999: 7.95% per annum) and the following term structure based on principal amount:

Under 1 year: 8% (1999: 8%); 1 to 5 years: 27% (1999: 28%); 5 to 10 years: 28% (1999: 29%); 10 to 20 years: 23% (1999: 22%); and over 20 years: 14% (1999: 13%).

(c) The Floating Rate Note Pool is managed with the objective of generating floating rate cash flows needed for the swap obligations of participants with structured investments. Through the use of interest rate swaps, the pool provides investment opportunities in high quality floating rate instruments with remaining term to maturity of ten years or less.

(d) The Domestic Passive Equity Pooled Fund is managed on a passive approach with the objective of providing investment returns comparable to the Toronto Stock Exchange (TSE) 300 Index. The portfolio is comprised of publicly traded Canadian equities and structured investments replicating the TSE 300.

(e) The Private Equity Pool is in the process of orderly liquidation.

(f) The EAFE (Europe, Australia and Far East) Structured Equity Pooled Fund is managed with the objective of providing investment returns comparable to the *total return* of the *Morgan Stanley Capital* International EAFE Index. The pool provides exposure to foreign markets in Europe, Australia and Far East through the use of structured investments such as foreign equity index swaps. The pooled fund also invests in the Floating Rate Note Pool (see Note 3 c) to generate the floating rate cash flows needed for its equity swap obligations.

(g) The US Passive Equity Pooled Fund is managed with the objective of attaining investment returns comparable to Standard & Poor's (S & P) 500 Total Return Index over a four-year period. The portfolio comprises publicly traded equities in the United States similar in weights to the S & P 500 Index. To enhance investment returns with no substantial increase in risks, the pooled fund also invests in futures, swaps and other structured investments.

(h) The Private Real Estate Pool is managed with the objective of providing investment returns comparable to the Russell Canadian Property Index over the long term. Real estate is held through intermediate companies, which have issued to the pool common shares and participating debentures secured by a charge on real estate. Risk is reduced by investing in properties that provide diversification by geographic location, by property type and by tenancy. As real estate returns are positively correlated to inflation and negatively correlated to returns from fixed income securities and equities, the pool provides diversification from the securities market.

NOTE 4

Investment Risk Management

Fair values of investments are exposed to credit risk and price risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Price risk comprises currency risk, interest rate risk and market risk. Currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

Actuarial liabilities of the Plan are primarily affected by the long-term real rate of return on investments. In order to earn the best possible return at an acceptable level of risk, the Board has established a policy asset mix of 37% fixed income instruments and 63% equities. Investment risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments, and restrictions on amounts exposed to countries designated as emerging markets. Controls are in place respecting the use of derivatives (see Note 5). Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency (see Note 5).

NOTE 5

Derivative Contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. The Plan uses derivative contracts held indirectly through pooled investment funds to enhance return, manage exposure to interest and foreign currency risks, and for asset mix management purposes. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

A swap is a contractual agreement between two counter-parties to exchange a series of cash flows based on a notional amount. An equity or bond index swap involves the exchange of a floating interest rate cash flow for one based on the performance of a market index. For interest rate swaps, parties generally exchange fixed and floating rate interest cash flows based on a notional amount. Cross-currency interest rate swaps are contractual obligations in which the principal amounts of Canadian fixed-income securities denominated in foreign currency are exchanged for Canadian currency amounts both initially and at maturity. Over the term of the cross-currency swap, counter-parties exchange fixed to fixed and fixed to floating interest rate cash flows in the swapped currencies. There are underlying securities supporting all swaps. Leveraging is not allowed.

Foreign exchange contracts are agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Stock futures contracts are agreements to receive or pay cash on an agreed settlement date based on changes in the level of a specified stock index in the future.

The following is a summary of the Plan's proportionate share of the notional amount and fair value of derivative contracts held by pooled funds at December 31, 2000.

	2000		1999	
	Notional Amount	Fair Value (a)	Notional Amount	Fair Value (a)
	($ thousands)		($ thousands)	
Equity index swap contracts	$ 114,858	$ (711)	$ 131,262	$ 10,330
Bond index swap contracts	26,473	166	48,763	(325)
Interest rate swap contracts	28,074	(482)	34,806	(520)
Forward foreign exchange contracts	18,745	(1)	9,788	52
Equity index futures contracts	197	1	224	6
	188,347	$ (1,027)	224,843	$ 9,543
Cross-currency interest rate swap contracts (b)	92,055		79,356	
	$ 280,402		$ 304,199	

(a) The method of determining fair value of derivative contracts is described in Note 2 (f).

(b) As at December 31, 2000, the combined value of cross-currency interest rate swaps and underlying securities amounted to $ 92,860,000 (1999: $79,170,000).

Note 5 Derivative Contracts (continued)

All derivative contracts mature within one year except for bond index swaps, cross-currency swaps and interest rate swaps with a notional amount of $78,595,000 that mature between one and three years and $31,387,000 that mature over three years.

Accounts Receivable

	2000	1999
	($ thousands)	
Contributions Receivable		
Employers	$ 685	$ 554
Employees	635	502
Province of Alberta	192	210
Refunds and transfers	–	38
	$ 1,512	$ 1,304

Accounts Payable

	2000	1999
	($ thousands)	
Administration expenses	$ 49	$ 55
Benefits and refunds	16	11
	$ 65	$ 66

Accrued Benefits

(a) Actuarial Valuation

An actuarial valuation of the Plan was carried out as at December 31, 2000 by William M. Mercer Limited. The December 31, 2000 valuation resulted in a deficiency of $45.2 million as disclosed in the Statement of Net Assets Available for Benefits and Accrued Benefits.

The valuation as at December 31, 2000 was determined using the projected benefit method prorated on service. The assumptions used in the valuation were developed as the best estimate of expected short-term and long-term market conditions and other future events. This estimate was, after consultation with the Plan's actuary, adopted by the Special Forces Pension Board.

The major assumptions used were:

	December 31	
	2000 Valuation	1999 Extrapolation
	%	%
Investment return	7.0	7.5
Inflation rate	3.25	3.5
Salary escalation rate*	3.75	4.0
Pension cost-of-living increase as a percent of Alberta Consumer Price Index	60.0	60.0

* Excludes merit and promotion.

The following table summarizes the effects of changes in major actuarial assumptions, which increase accrued benefits and Plan deficiency at December 31, 2000:

	2000		
	Pre-1992	Post-1991	Total
	($ thousands)		
Changes in economic assumptions:			
Decrease in inflation rate and real rate of return assumptions by 0.25%	$ 31,100	$ 17,100	$48,200
Changes in demographic assumptions:			
Decrease in termination rate and increase in early retirement rate assumptions	22,300	18,100	40,400
Changes in actuarial assumptions	**$ 53,400**	**$ 35,200**	**$88,600**

In accordance with the requirements of the *Public Sector Pension Plans Act*, a separate accounting is required of the pension liability with respect to service that was recognized as pensionable as at December 31, 1991. This information is provided in the Statement of Changes in Accrued Benefits, which shows the principal components of the change in the actuarial value of accrued benefits.

Based on the information provided above, the following table summarizes the actuarial value of net assets, accrued benefits, and the resulting surplus (deficiency) of the Plan Fund as at December 31, 2000.

Investment Risk Management

Fair values of investments are exposed to credit risk and price risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Price risk comprises currency risk, interest rate risk and market risk. Currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

Actuarial liabilities of the Plan are primarily affected by the long-term real rate of return on investments. In order to earn the best possible return at an acceptable level of risk, the Board has established a policy asset mix of 37% fixed income instruments and 63% equities. Investment risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments, and restrictions on amounts exposed to countries designated as emerging markets. Controls are in place respecting the use of derivatives (see Note 5). Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency (see Note 5).

Derivative Contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. The Plan uses derivative contracts held indirectly through pooled investment funds to enhance return, manage exposure to interest and foreign currency risks, and for asset mix management purposes. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

A swap is a contractual agreement between two counter-parties to exchange a series of cash flows based on a notional amount. An equity or bond index swap involves the exchange of a floating interest rate cash flow for one based on the performance of a market index. For interest rate swaps, parties generally exchange fixed and floating rate interest cash flows based on a notional amount. Cross-currency interest rate swaps are contractual obligations in which the principal amounts of Canadian fixed-income securities denominated in foreign currency are exchanged for Canadian currency amounts both initially and at maturity. Over the term of the cross-currency swap, counter-parties exchange fixed to fixed and fixed to floating interest rate cash flows in the swapped currencies. There are underlying securities supporting all swaps. Leveraging is not allowed.

Foreign exchange contracts are agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Stock futures contracts are agreements to receive or pay cash on an agreed settlement date based on changes in the level of a specified stock index in the future.

The following is a summary of the Plan's proportionate share of the notional amount and fair value of derivative contracts held by pooled funds at December 31, 2000.

	2000		1999	
	Notional Amount	Fair Value (a)	Notional Amount	Fair Value (a)
	($ thousands)		($ thousands)	
Equity index swap contracts	$ 114,858	$ (711)	$ 131,262	$ 10,330
Bond index swap contracts	26,473	166	48,763	(325)
Interest rate swap contracts	28,074	(482)	34,806	(520)
Forward foreign exchange contracts	18,745	(1)	9,788	52
Equity index futures contracts	197	1	224	6
	188,347	$ (1,027)	224,843	$ 9,543
Cross-currency interest rate swap contracts (b)	92,055		79,356	
	$ 280,402		$ 304,199	

(a) The method of determining fair value of derivative contracts is described in Note 2 (f).

(b) As at December 31, 2000, the combined value of cross-currency interest rate swaps and underlying securities amounted to $ 92,860,000 (1999: $79,170,000).

Note 5 Derivative Contracts (continued)

All derivative contracts mature within one year except for bond index swaps, cross-currency swaps and interest rate swaps with a notional amount of $78,595,000 that mature between one and three years and $31,387,000 that mature over three years.

Accounts Receivable

	2000	1999
	($ thousands)	
Contributions Receivable		
Employers	$ 685	$ 554
Employees	635	502
Province of Alberta	192	210
Refunds and transfers	–	38
	$ 1,512	$ 1,304

Accounts Payable

	2000	1999
	($ thousands)	
Administration expenses	$ 49	$ 55
Benefits and refunds	16	11
	$ 65	$ 66

Accrued Benefits

(a) Actuarial Valuation

An actuarial valuation of the Plan was carried out as at December 31, 2000 by William M. Mercer Limited. The December 31, 2000 valuation resulted in a deficiency of $45.2 million as disclosed in the Statement of Net Assets Available for Benefits and Accrued Benefits.

The valuation as at December 31, 2000 was determined using the projected benefit method prorated on service. The assumptions used in the valuation were developed as the best estimate of expected short-term and long-term market conditions and other future events. This estimate was, after consultation with the Plan's actuary, adopted by the Special Forces Pension Board.

The major assumptions used were:

	December 31	
	2000 Valuation	1999 Extrapolation
	%	%
Investment return	7.0	7.5
Inflation rate	3.25	3.5
Salary escalation rate*	3.75	4.0
Pension cost-of-living increase as a percent of Alberta Consumer Price Index	60.0	60.0

* Excludes merit and promotion.

The following table summarizes the effects of changes in major actuarial assumptions, which increase accrued benefits and Plan deficiency at December 31, 2000:

	2000		
	Pre-1992	Post-1991	Total
	($ thousands)		
Changes in economic assumptions:			
Decrease in inflation rate and real rate of return assumptions by 0.25%	$ 31,100	$ 17,100	$48,200
Changes in demographic assumptions:			
Decrease in termination rate and increase in early retirement rate assumptions	22,300	18,100	40,400
Changes in actuarial assumptions	**$ 53,400**	**$ 35,200**	**$88,600**

In accordance with the requirements of the *Public Sector Pension Plans Act*, a separate accounting is required of the pension liability with respect to service that was recognized as pensionable as at December 31, 1991. This information is provided in the Statement of Changes in Accrued Benefits, which shows the principal components of the change in the actuarial value of accrued benefits.

Based on the information provided above, the following table summarizes the actuarial value of net assets, accrued benefits, and the resulting surplus (deficiency) of the Plan Fund as at December 31, 2000.

Note 8 Accrued Benefits (a) (continued)

	2000			1999
	Pre-1992	Post-1991	Total	Total
			($ thousands)	
Plan Fund net assets available for benefits	$ 711,900	$ 327,155	$ 1,039,055	$ 974,198
Asset fluctuation reserve	33,800	13,400	47,200	61,700
Plan Fund actuarial value of net assets	678,100	313,755	991,855	912,498
Plan Fund accrued benefits	730,600	306,400	1,037,000	891,646
Plan Fund surplus (deficiency)	**$ (52,500)**	**$ 7,355**	**$ (45,145)**	**$ 20,852**

As at December 31, 2000, the Indexing Fund held investments of $4,763,000 (1999: $2,245,000) with offsetting accrued benefits of the same amount.

(b) Sensitivity of Changes in Major Assumptions

The Plan's future experience will inevitably differ, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and will affect the financial position of the Plan.

The following is a summary of the sensitivities of the Plan's deficiency and current service cost to changes in assumptions used in actuarial extrapolation at December 31, 2000:

	Sensitivities		
	Change in Assumptions (%)	Increase in Plan Deficiency ($ million)	Increase in Current Service Cost as % of Pensionable Earnings*
Inflation rate increase holding nominal investment return and salary escalation assumptions constant	1.0%	$ 71.0	0.0%
Salary escalation rate increase holding inflation rate and nominal investment return assumptions constant	1.0%	24.8	1.3%
Investment rate of return decrease holding inflation rate and salary escalation assumptions constant	(1.0)%	166.6	3.6%

* The current service cost as % of pensionable earnings as determined by the December 31, 2000 valuation is 16.7%.

Investment Income

Investment income is comprised of the following:

	2000	1999
	($ thousands)	
Net realized and unrealized gains on investments	$ 30,978	$ 81,157
Interest income	31,600	26,503
Derivative income	3,887	23,814
Dividend income	5,755	6,107
Real estate income	2,281	2,123
Securities lending income	105	114
Pooled funds management and associated custodial fees	(798)	(781)
	$ 73,808	**$ 139,037**

Note 9 Investment Income (continued)

The following is a summary of the Plan's proportionate share of investment income from pooled funds and directly held investments.

	2000	1999
	($ thousands)	
Deposit and Fixed Income Securities:		
Deposit in the Consolidated Cash Investment Trust Fund	$ 479	$ 327
Canadian Dollar Public Bond Pool	34,073	(3,226)
Private Mortgage Pool	4,024	71
Floating Rate Note Pool	224	8
Other	-	(12)
	$ 38,800	$ (2,832)
Equities:		
Canadian Equities:		
Canadian Equity Index (excluding Nortel) Pooled Fund	6,474	-
Canadian Pooled Equities Fund	13,537	40,289
Domestic Passive Equity Pooled Fund	31,140	42,144
External Managers Fund (Canadian)	9,439	9,112
Private Equity Pool	1,451	763
Structured Note and Other	322	1,395
Foreign Equities:		
External Managers Fund (International)	(20,178)	26,502
External Managers Fund (United States)	(4,313)	6,378
EAFE Structured Equity Pooled Fund	(1,007)	4,462
US Passive Equity Pooled Fund	(5,031)	3,074
United States Pooled Equities Fund	262	(366)
US Structured Equity Pooled Fund	(93)	585
Global Structured Equity Pooled Fund	-	4,759
Real Estate:		
Private Real Estate Pool	3,005	2,772
	35,008	141,869
	$ 73,808	$ 139,037

Note 8 Accrued Benefits (a) (continued)

	2000			1999
	Pre-1992	Post-1991	Total	Total
			($ thousands)	
Plan Fund net assets available for benefits	$ 711,900	$ 327,155	$ 1,039,055	$ 974,198
Asset fluctuation reserve	33,800	13,400	47,200	61,700
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Investment rate of return decrease holding inflation rate and salary escalation assumptions constant	(1.0)%	166.6	3.6%

* The current service cost as % of pensionable earnings as determined by the December 31, 2000 valuation is 16.7%.

Investment Income

Investment income is comprised of the following:

	2000	1999
	($ thousands)	
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Interest income	31,600	26,503
Derivative income	3,887	23,814
Dividend income	5,75[illegible]	6,107
Real estate income	2,281	2,123
Securities lending income	105	114
Pooled funds management and associated custodial fees	(798)	(781)
	$ 73,808	$ 139,037

Note 9 Investment Income (continued)

The following is a summary of the Plan's proportionate share of investment income from pooled funds and directly held investments.

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	($ thousands)	
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Other	-	(12)
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Global Structured Equity Pooled Fund	-	4,759
Real Estate:		
Private Real Estate Pool	3,005	2,772
	35,008	141,869
	$ 73,808	$ 139,037

Contributions

	2000	1999
	($ thousands)	
Current and past service		
Employers	$ 14,064	$ 13,881
Employees	12,900	12,593
Unfunded liability		
Employers	1,165	1,113
Employees	1,165	1,113
Province of Alberta	1,924	1,856
Transfers from other plans	92	37
	$ 31,310	$ 30,593

Administration Expenses

	2000	1999
	($ thousands)	
General administration costs	$ 412	$ 447
Investment management costs	177	167
Actuarial fees	69	16
	$ 658	$ 630

General administration costs including Plan Board costs were paid to Alberta Pensions Administration Corporation on a cost-recovery basis.

Investment management costs were paid to Alberta Treasury and do not include pooled funds management and associated custodial fees, which have been deducted in arriving at investment income.

Total administration expenses amounted to $166 per member (1999: $165 per member). The $1 per member cost increase in 2000 is attributed to the following factors: increase in Plan specific cost $17, increase in operating cost $7, increase in investment management cost $2, and decrease in business process reengineering cost $25.

Remuneration of Board Members

Remuneration paid to Board members, as approved by the Lieutenant Governor in Council, is as follows:

	Chairman	Members
Remuneration Rate for 2000:		
Up to 4 hours	$ 146	$ 108
4 to 8 hours	249	179
Over 8 hours	395	281

	2000	1999
During 2000, the following amounts were paid:		
Remuneration		
Chairman	$ 3,702	$ 4,258
Members (6)	15,806	18,060
Travel expenses		
Chairman	3,250	4,698
Members (6)	29,615	21,973

Remuneration with respect to the Board member nominated by the Government of Alberta belongs to the Crown, and is to be paid to the Provincial Treasurer.

Budget Information

The accrued benefits are based on the Special Forces Pension Board's best estimates of future events after consultation with the Plan's actuary. Differences between actual results and management's expectations are disclosed as net experience gains and losses in the statement of changes in accrued benefits. Accordingly, a budget is not included in these financial statements.

Responsibility for Financial Statements

These financial statements were prepared by management and approved by the Special Forces Pension Board.

Contributions

	2000	1999
	($ thousands)	
Current and past service		
Employers	$ 14,064	$ 13,881
Employees	12,900	12,593
Unfunded liability		
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Responsibility for Financial Statements

These financial statements were prepared by management and approved by the Special Forces Pension Board.

Schedule of Investments in Canadian Dollar Public Bond Pool (a) (b)

December 31, 2000

($ thousands)

	2000		1999	
	Plan's Share	Total Pool	Plan's Share	Total Pool
Deposit in the Consolidated Cash Investment Trust Fund	$ 5,796	$ 154,307	$ 2,029	$ 56,800
Public Fixed Income Securities				
Government of Canada, direct and guaranteed	85,532	2,277,359	76,775	2,148,862
Provincial:				
Alberta, direct and guaranteed	1,114	29,668	1,276	35,707
Other, direct and guaranteed	70,776	1,884,485	42,575	1,191,633
Municipal	4,623	123,088	3,200	89,549
Corporate	119,076	3,170,510	120,366	3,368,956
Private Fixed Income Securities				
Corporate	40,658	1,082,557	37,409	1,047,046
Total deposit and fixed income securities	327,575	8,721,974	283,630	7,938,553
Receivable from sale of investments and accrued investment income	4,373	116,425	3,542	99,143
Liabilities for investment purchases	(108)	(2,867)	(544)	(15,218)
	4,265	113,558	2,998	83,925
	$ 331,840	**$ 8,835,532**	**$ 286,628**	**$ 8,022,478**

(a) The Canadian Dollar Public Bond Pool is managed with the objective of providing competitive returns comparable to the total return of the Scotia Capital Universe Bond Index over a four-year period while maintaining adequate security and liquidity of participants' capital. The portfolio is comprised of high quality Canadian fixed income instruments and bond related derivatives. Competitive returns are achieved through management of portfolio duration and sector rotation.

(b) Fixed income securities held as at December 31, 2000 had an average effective market yield of 6.07% per annum (1999: 6.47% per annum). The following term structure of these securities as at December 31, 2000 is based on principal amount.

	2000	1999
	%	
under 1 year	6	11
1 to 5 years	37	34
5 to 10 years	28	29
10 to 20 years	15	17
over 20 years	14	9
	100	100

Schedule of Investments in Canadian Equity Index (excluding Nortel) Pooled Fund (a)

December 31, 2000

($ thousands)

	2000	
	Plan's Share	Total Pool
Deposit in the Consolidated Cash Investment Trust Fund	$ 1,838	$ 5,745
Floating Rate Note Pool	10,494	32,794
	12,332	38,539
Canadian Public Equities (b):		
Common shares and rights:		
Communications and media	4,806	15,018
Conglomerates	3,523	11,010
Consumer products	4,070	12,718
Financial services	13,981	43,689
Gold and precious metals	3,211	10,034
Industrial products	16,223	50,696
Merchandising	2,889	9,027
Metals and minerals	3,924	12,261
Oil and gas	12,283	38,382
Paper and forest products	1,764	5,513
Pipelines	2,737	8,554
Real estate and construction	946	2,955
Transportation and environmental services	1,617	5,054
Utilities	8,817	27,552
	80,791	252,463
Receivable from sale of investments and accrued investment income	1,687	5,271
Liabilities for investment purchases	(86)	(269)
	1,601	5,002
	$ 94,724	**$ 296,004**

(a) The Canadian Equity Index (excluding Nortel) Pooled Fund is managed on a passive approach with the objective of providing investment returns comparable to the Pooled Fund's benchmark which is the total return of the Toronto Stock Exchange (TSE) 300 Index excluding Nortel Networks Corp. The portfolio is comprised of publicly traded Canadian equities and structured investments replicating the benchmark.

The Pooled Fund's investment in units of the Floating Rate Note Pool (see Note 3c) was used as the underlying security to support the equity index swaps of the Pool.

(b) The industrial classifications are those used by the Toronto Stock Exchange.

Schedule of Investments in Canadian Dollar Public Bond Pool (a) (b)

December 31, 2000

($ thousands)

	2000		1999	
	Plan's Share	Total Pool	Plan's Share	Total Pool
Deposit in the Consolidated Cash Investment Trust Fund	$ 5,796	$ 154,307	$ 2,029	$ 56,800
Public Fixed Income Securities				
Government of Canada, direct and guaranteed	85,532	2,277,359	76,775	2,148,862
Provincial:				
Alberta, direct and guaranteed	1,114	29,668	1,276	35,707
Other, direct and guaranteed	70,776	1,884,485	42,575	1,191,633
Municipal	4,623	123,088	3,200	89,549
Corporate	119,076	3,170,510	120,366	3,368,956
Private Fixed Income Securities				
Corporate	40,658	1,082,557	37,409	1,047,046
Total deposit and fixed income securities	327,575	8,721,974	283,630	7,938,553
Receivable from sale of investments and accrued investment income	4,373	116,425	3,542	99,143
Liabilities for investment purchases	(108)	(2,867)	(544)	(15,218)
	4,265	113,558	2,998	83,925
	$ 331,840	$ 8,835,532	$ 286,628	$ 8,022,478

(a) The Canadian Dollar Public Bond Pool is managed with the objective of providing competitive returns comparable to the total return of the Scotia Capital Universe Bond Index over a four-year period while maintaining adequate security and liquidity of participants' capital. The portfolio is comprised of high quality Canadian fixed income instruments and bond related derivatives. Competitive returns are achieved through management of portfolio duration and sector rotation.

(b) Fixed income securities held as at December 31, 2000 had an average effective market yield of 6.07% per annum (1999: 6.47% per annum). The following term structure of these securities as at December 31, 2000 is based on principal amount.

	2000	1999
	%	
under 1 year	6	11
1 to 5 years	37	34
5 to 10 years	28	29
10 to 20 years	15	17
over 20 years	14	9
	100	100

Schedule of Investments in Canadian Equity Index (excluding Nortel) Pooled Fund (a)

December 31, 2000

($ thousands)

	2000	
	Plan's Share	Total Pool
Deposit in the Consolidated Cash Investment Trust Fund	$ 1,838	$ 5,745
Floating Rate Note Pool	10,494	32,794
	12,332	38,539
Canadian Public Equities (b):		
Common shares and rights:		
Communications and media	4,806	15,018
Conglomerates	3,523	11,010
Consumer products	4,070	12,718
Financial services	13,981	43,689
Gold and precious metals	3,211	10,034
Industrial products	16,223	50,696
Merchandising	2,889	9,027
Metals and minerals	3,924	12,261
Oil and gas	12,283	38,382
Paper and forest products	1,764	5,513
Pipelines	2,737	8,554
Real estate and construction	946	2,955
Transportation and environmental services	1,617	5,054
Utilities	8,817	27,552
	80,791	252,463
Receivable from sale of investments and accrued investment income	1,687	5,271
Liabilities for investment purchases	(86)	(269)
	1,601	5,002
	$ 94,72^	**$ 296,004**

(a) The Canadian Equity Index (excluding Nortel) Pooled Fund is managed on a passive approach with the objective of providing investment returns comparable to the Pooled Fund's benchmark which is the total return of the Toronto Stock Exchange (TSE) 300 Index excluding Nortel Networks Corp. The portfolio is comprised of publicly traded Canadian equities and structured investments replicating the benchmark.

The Pooled Fund's investment in units of the Floating Rate Note Pool (see Note 3c) was used as the underlying security to support the equity index swaps of the Pool.

(b) The industrial classifications are those used by the Toronto Stock Exchange.

Schedule of Investments in Canadian Pooled Equities Fund (a)

December 31, 2000

($ thousands)

	2000		1999	
	Plan's Share	Total Pool	Plan's Share	Total Pool
Deposit in the Consolidated Cash Investment Trust Fund	$ 117	$ 3,009	$ 337	$ 5,550
Canadian Public Equities (b):				
Common shares and rights:				
Communications and media	3,714	95,231	13,009	214,030
Conglomerates	3,859	98,932	7,619	125,354
Consumer products	3,058	78,404	5,134	84,470
Financial services	19,347	496,017	21,270	349,923
Gold and precious minerals	2,089	53,554	5,455	89,748
Industrial products	34,154	875,650	49,024	806,528
Merchandising	897	23,009	2,672	43,958
Metals and minerals	3,764	96,503	6,152	101,204
Oil and gas	9,984	255,983	14,366	236,341
Paper and forest products	3,109	79,700	3,161	52,005
Pipelines	851	21,817	2,139	35,188
Real estate and construction	972	24,926	4,240	69,754
Transportation and environmental services	108	2,775	2,896	47,643
Utilities	8,717	223,473	21,934	360,855
Passive index	358	9,178	975	16,036
	94,981	2,435,152	160,046	2,633,037
Receivable from sale of investments and accrued investment income	958	24,556	553	9,090
Liabilities for investment purchases	(178)	(4,572)	(499)	(8,202)
	780	19,984	54	888
	$ 95,878	**$2,458,145**	**$ 160,437**	**$ 2,639,475**

(a) The Canadian Pooled Equities Fund is managed with the objective of providing returns higher than the Toronto Stock Exchange 300 Index while maintaining preservation of participants' capital. The portfolio is comprised of publicly traded equities in the Canadian market. Risk is reduced by prudent security selection and sector rotation.

(b) The industrial classifications are those used by the Toronto Stock Exchange.

Schedule of Investments in External Managers Fund

December 31, 2000

($ thousands)

	External Managers		2000		1999	
	2000	1999	Plan's Share	Total Pool	Plan's Share	Total Pool
Foreign Public Equity Pools						
Multi Region	4	3	$ 95,621	$ 2,013,072	$ 25,848	$ 919,706
Europe	3	3	34,743	1,377,161	34,001	1,018,169
Pacific Basin	2	2	15,682	584,819	29,469	882,206
Emerging Markets	1	2	2	40,506	2,494	76,055
	10	10	146,048	4,015,558	91,812	2,896,136
United States	6	5	90,681	3,147,608	38,754	1,518,742
Canadian Public Equity Pools						
Large Cap	3	3	34,476	1,200,300	52,954	1,055,108
Small Cap	4	5	25,046	478,145	17,795	466,572
	7	8	59,522	1,678,445	70,749	1,521,680
	23	23	$ 296,251	$ 8,841,611	$ 201,315	$ 5,936,558

(a) The External Managers Fund comprises numerous portfolios of publicly traded equities, which are managed by numerous external managers with expertise in Canadian and approved foreign equity markets. The objective of the Fund is to provide investment returns higher than the total return of the applicable Morgan Stanley Capital International, Standard & Poor's and Toronto Stock Exchange indices over a four-year period. Risk is reduced through manager, style and market diversification.

(b) The following is a summary of assets and liabilities of the External Managers Fund as at December 31, 2000.

	2000	1999
	($ thousands)	
Cash and short-term securities	$ 103,216	$ 97,347
Receivables from sale of investments and accrued investment income	32,354	8,418
Investments		
Public equities	8,744,311	5,839,208
Convertible bonds	60	1,500
Liability for investment purchases	(38,330)	(9,915)
	$8,841,611	$5,936,558

Schedule of Investments in Canadian Pooled Equities Fund (a)

December 31, 2000

($ thousands)

	2000		1999	
	Plan's Share	Total Pool	Plan's Share	Total Pool
Deposit in the Consolidated Cash Investment Trust Fund	$ 117	$ 3,009	$ 337	$ 5,550
Canadian Public Equities (b):				
Common shares and rights:				
Communications and media	3,714	95,231	13,009	214,030
Conglomerates	3,859	98,932	7,619	125,354
Consumer products	3,058	78,404	5,134	84,470
Financial services	19,347	496,017	21,270	349,923
Gold and precious minerals	2,089	53,554	5,455	89,748
Industrial products	34,154	875,650	49,024	806,528
Merchandising	897	23,009	2,672	43,958
Metals and minerals	3,764	96,503	6,152	101,204
Oil and gas	9,984	255,983	14,366	236,341
Paper and forest products	3,109	79,700	3,161	52,005
Pipelines	851	21,817	2,139	35,188
Real estate and construction	972	24,926	4,240	69,754
Transportation and environmental services	108	2,775	2,896	47,643
Utilities	8,717	223,473	21,934	360,855
Passive index	358	9,178	975	16,036
	94,981	2,435,152	160,046	2,633,037
Receivable from sale of investments and accrued investment income	958	24,556	553	9,090
Liabilities for investment purchases	(178)	(4,572)	(499)	(8,202)
	780	19,984	54	888
	$ 95,878	**$2,458,145**	**$ 160,437**	**$ 2,639,475**

(a) The Canadian Pooled Equities Fund is managed with the objective of providing returns higher than the Toronto Stock Exchange 300 Index while maintaining preservation of participants' capital. The portfolio is comprised of publicly traded equities in the Canadian market. Risk is reduced by prudent security selection and sector rotation.

(b) The industrial classifications are those used by the Toronto Stock Exchange.

Schedule of Investments in External Managers Fund

December 31, 2000

($ thousands)

	External Managers		2000		1999	
	2000	1999	Plan's Share	Total Pool	Plan's Share	Total Pool
Foreign Public Equity Pools						
Multi Region	4	3	$ 95,621	$ 2,013,072	$ 25,848	$ 919,706
Europe	3	3	34,743	1,377,161	34,001	1,018,169
Pacific Basin	2	2	15,682	584,819	29,469	882,206
Emerging Markets	1	2	2	40,506	2,494	76,055
	10	10	146,048	4,015,558	91,812	2,896,136
United States	6	5	90,681	3,147,608	38,754	1,518,742
Canadian Public Equity Pools						
Large Cap	3	3	34,476	1,200,300	52,954	1,055,108
Small Cap	4	5	25,046	478,145	17,795	466,572
	7	8	59,522	1,678,445	70,749	1,521,680
	23	**23**	**$ 296,251**	**$ 8,841,611**	**$ 201,315**	**$ 5,936,558**

(a) The External Managers Fund comprises numerous portfolios of publicly traded equities, which are managed by numerous external managers with expertise in Canadian and approved foreign equity markets. The objective of the Fund is to provide investment returns higher than the total return of the applicable Morgan Stanley Capital International, Standard & Poor's and Toronto Stock Exchange indices over a four-year period. Risk is reduced through manager, style and market diversification.

(b) The following is a summary of assets and liabilities of the External Managers Fund as at December 31, 2000.

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GLOSSARY

Active member

A member who is making contributions or, if not making contributions, is on non-contributory leave for up to three years, on approved disability leave, or at the point of maximum pensionable service (35 years).

Active strategies

These strategies have two forms - security selection or market timing. Security selection is the buying and selling of securities to earn a return above a market index such as the TSE 300 for Canadian stocks. Market timing is based on shifting asset class weights to earn a return above that available from maintaining the asset class exposure of the policy asset mix.

Asset mix

The percentage of a Plan's assets allocated to the major asset classes (for example, 45% fixed income and 55% equities).

Benchmark

A standard against which others are measured. For the purposes of this report, benchmarks are established income indices (listed in percentages) used to measure the health of the Fund's investment returns.

Bond

A promissory note issued by a company or government which bears a fixed maturity date and rate of return.

Deferred member

A member who is no longer employed by a Plan employer, has left his/her contributions in the Plan, and has yet to choose a pension option.

Emerging market

An economy in the earlier stages of development whose markets have sufficient size and liquidity and are receptive to foreign investment. Examples include China, Greece, and Brazil.

Equity

Stock; the ownership interest in a company.

External manager

A third-party firm contracted to provide investment management services.

Interest rate sensitive equity

Equity whose return is expected to react to changes in interest rates.

Large cap

Investment in larger capitalized firms. Within Canada, companies with a market capitalization of greater than 0.15% of the total Toronto Stock Exchange market capitalization.

Manager structure

Manager structure refers to the number and mandates given to a Plan's investment managers. Manager structures can be built around balanced fund mandates where the manager invests across multiple asset classes (Canadian stocks, Canadian bonds, U.S. and International stocks) or specialty mandates where the manager invests in a single asset class. In the case of a specialty mandate the focus can be very specific such as investing in only Canadian small capitalized companies.

Passive equity

Equity bought as Toronto Index Participation Units (TIPS), allowing a fund to buy into the top 35 companies on the Toronto Stock Exchange.

Passive strategies

These strategies involve investing to replicate the performance of a given market index such as the TSE 300 for Canadian stocks or managing asset class exposure to match the performance of an established policy asset mix such as 50% TSE 300 and 50% Scotia Capital Markets Universe.

Policy benchmark

A benchmark return for the Fund which is composed from the long-term asset mix policy and the benchmark indices for each major asset class.

Real return bond

A fixed-income investment product (a bond) whose return is linked to the real interest rate to generate a specified real rate of return.

Related terms: The real interest rate is the nominal (set) interest rate minus inflation. The real rate of return is the return achieved by an asset after adjustments for inflation.

Small cap

Investment in smaller capitalized firms. Within Canada, companies with a market capitalization of less than 0.15% of the total Toronto Stock Exchange market capitalization.

Statement of Investment Policies and Goals

A policy document set by the Board to establish the asset mix of the Fund, the manner by which Investment Management Division may invest assets and the specific holding limits for each type of security.

Swaps

A contract between two parties to pay the other party the return on an underlying investment.

T-bill

Short-term government security.

Time-weighted return

A series of dollar weighted rates of return designed to reduce the impact of the cashflows on the funds performance. Since the fund manager usually has little control over the timing of the cashflows, the time-weighted return is used to measure the performance of the fund managers.

Total return

Interest income or loss plus price increases or decreases.

Unfunded liability

An unfunded liability exists when the actuarial valuation determines that the Fund's accrued liabilities exceed the net assets available for the payment of benefits.

INDICES

Consumer Price Index (CPI)

Measures the relative prices at various times of a selected group of goods and services which typify those bought by urban families.

Morgan Stanley Capital International World Index

Measures the total return attributable to the largest capitalized companies on the world's major stock exchanges. Maintained by Morgan Stanley, the index is compiled and reported monthly in local and common currencies.

Russell Canadian Property Index

Measures the total return attributable to Canadian commercial real estate. Maintained by Frank Russell, the index is compiled and reported every three months.

Scotia Capital Markets 91-Day T-Bill Index

Measures the total return attributable to 91-Day T-Bills. Maintained by ScotiaMcLeod.

Scotia Capital Markets Universe Bond Index

Measures the total return attributable to bonds. Maintained by ScotiaMcLeod and includes representative bond issues by issuer (Federal, Provincial, Municipal, and Corporate), by quality (AAA, AA, A, and BBB), and term (short-, mid-, and long-).

SEI Median Return

A reference point for measuring Investment Management Division's performance. SEI Canada Financial Service Limited conducts surveys of balanced fund managers on a quarterly basis to create the SEI Universe. From this, SEI Canada determines the median (or middle-ranked) manager.

Related Terms: SEI (Canada) Financial Services Limited is an independent firm that evaluates and reports on investment performance. A balanced fund is an investment portfolio with a mix of bonds, preferred stocks, and common stocks designed to conserve the investor's initial principal, pay current income, and achieve long-term growth.

Standard & Poor's 500 Index

Measures the total return attributable to the 500 largest capitalized companies on US stock exchanges.

TSE 300 Index

Measures the total return attributable to the 300 largest capitalized companies traded on the Toronto Stock Exchange. Maintained by the Toronto Stock Exchange, the index is compiled and reported on a daily basis. The index's composition is adjusted annually.

BOARD MEMBERS – 2001

Employee Nominees

Ulysses Currie, Chair
Edmonton Police Association

Colin Catonio
Lethbridge Police Association

Harvey Cenaiko
Calgary Police Association

Employer Nominees

David Carpenter, Vice-Chair
City of Lethbridge

Al Habstritt
City of Calgary

Randell Garvey
City of Edmonton

Crown Nominee

Janina Vanderpost
Government of Alberta

BOARD SECRETARY

Jim Millard
Alberta Pensions
Administration Corporation

ADMINISTRATOR

Alberta Pensions
Administration Corporation

FUND MANAGEMENT

Investment Management Division
Alberta Treasury

ACTUARY

William M. Mercer Limited

AUDITOR

Auditor General of Alberta

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